

# **PROPOSITION 68**

## **GROUNDWATER TREATMENT AND REMEDATION GRANT PROGRAM**

### **DRAFT FUNDING GUIDELINES**

June 2019

June 24, 2019 – Sacramento

June 25, 2019 – Lakewood

June 26, 2019 – Fresno





# State Water Resources Control Board

## PROPOSITION 68 GROUNDWATER TREATMENT AND REMEDATION GRANT PROGRAM

Send questions and comments to:

[gwquality.funding@waterboards.ca.gov](mailto:gwquality.funding@waterboards.ca.gov)

Additional information can be found at our website:

[https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/propositions/prop68.html](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/propositions/prop68.html)

# Agenda

- 💧 Introductions / Agenda Review
- 💧 Background
- 💧 Program Priorities, Requirements, and Preferences
- 💧 Eligibility Requirements
- 💧 Grant Amounts and Match Requirements
- 💧 Project Types
- 💧 Project Selection Process
- 💧 Metrics of Success
- 💧 Responsible Party Requirements
- 💧 General Program Requirements
- 💧 Next Steps

# Background

- The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (commonly referred to as Proposition 68), Chapter 11.1 Groundwater Sustainability (Chapter 11.1)
- Allocates \$80 million for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.
- Funding solicitations will be administered through the Financial Assistance Application Submittal Tool (FAAST)
- Grant funds must be encumbered by June 30, 2021 and liquidated by June 30, 2023.
- Draft Guidelines were released for public review on May 17, 2019.

# Funding

\$74 million is available to fund projects through the Groundwater Treatment and Remediation Grant Program (after administrative and bond costs).

Set-aside of \$16 million for projects serving severely disadvantaged communities (SDACs) (Pub. Resource Code, § 80008, subd. (a)(1)).

Government Code Section 16727 does not apply to Chapter 11.1; these bond funds may be utilized for non-capital expenditures, including ongoing operations and maintenance (O&M) of existing facilities.

# Program Priorities, Requirements, and Preferences



Priorities established  
in Proposition 68.

Eligibility  
requirements  
established by the  
State Board.

Project preferences  
established by the  
State Board.

# Priorities Established in Prop 68



Priority and special consideration will be given to projects that:

- Leverage funding sources
- Provide workforce education and training, contractor, and job opportunities for disadvantaged communities
- Incorporate Prop 68, Ch. 11.1 Prioritization Criteria

# Priorities Established in Prop 68



## Prop 68, Ch. 11.1 Prioritization Criteria:

- The threat posed by groundwater contamination to the drinking water supply.
- Potential for groundwater contamination to spread.
- Enhance local water supply.
- Maximize opportunity to recharge vulnerable basin.
- Project where Responsible Parties (RPs) have not been identified or are unable to pay.



# Eligibility Requirements Established by State Board

## State Board Eligibility Requirements:

- Be identified as a high priority by appropriate regulatory agencies.
- Project must be completed within the appropriation timeframe.
- Availability of funds for any match required.
- Adequate rights of way for the useful life of the project.

# Project Preferences

Project Preferences  
Established by the  
State Water Board:

- Human Right to Water
- Community Benefit
- Contaminant Removal Efficiency
- Promote Groundwater Sustainability
- Demonstrated Ability
- Reduction in an existing risk to public health

# Eligible Grant Applicants



Public Agencies

501(c)(3)  
Non-Profits

Tribes

Public Utilities

Mutual Water  
Companies

# Eligible Project Types

Projects  
that are  
eligible to  
receive  
funding  
must...

- Prevent or reduce the contamination of groundwater that serves as a source of drinking water.
- Meet the eligibility requirements and project preferences.
- Be consistent with water quality protection requirements.

# Defining Contamination



Projects must address contamination in groundwater that serves as a source of drinking water.

Only projects addressing contaminants resulting from a discharge of waste and causing contamination will be eligible.

Contamination of an aquifer occurs when a contaminant exceeds a maximum contaminant level (MCL) or notification level (NL).

Appendix A of the draft guidelines includes detailed definitions of “contaminant” and “contamination.”

# Questions?



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# Funding for Operations and Maintenance (O&M):

Types of Existing Treatment Systems that may qualify for O&M funding:

- Wellhead Treatment
- Extraction and Treatment systems
- Centralized groundwater treatment systems
- Source area cleanup activities

# Potentially Eligible O&M Costs

For existing  
treatment  
systems that  
prevent or  
reduce  
contamination:

- Permitting
- Monitoring
- Reporting
- Utility Bills
- Chemicals
- Equipment
- Plant Operator



# Funding for Capital Improvement Projects:

Small-scale capital improvements that reduce long-term O&M costs will be considered for funding through Proposition 68.

New infrastructure projects will generally be directed to the Proposition 1 Groundwater Grant Program.

# Eligible Reimbursement Timeframe

Timeframe for incurring costs eligible for reimbursement will begin no earlier than June 5, 2018 and end no later than March 31, 2023.

Funding agreements will specify actual eligible start and end dates for reimbursement for each project.

# Ineligible Costs

- ◆ Projects that do not meet the purpose of Proposition 68 Chapter 11.1;
- ◆ Projects not resulting from a discharge of waste;
- ◆ Acquisition of land through eminent domain;
- ◆ Any costs of remediation activities recovered from responsible parties;
- ◆ Costs incurred outside the terms of the grant agreement;
- ◆ Education and outreach not related to the project;
- ◆ Equipment costs not integral to the project or included in the budget;
- ◆ Establishment of a reserve fund;
- ◆ Payment of principal or interest of existing debt;
- ◆ Expenses incurred in preparation of the proposal;
- ◆ Overhead, markup or costs not directly related to the project;
- ◆ Payment of state or federal taxes.

# Minimum & Maximum Grant Amounts

Eligible Operations and Maintenance Activities		
	Per Project	Per Applicant
<b>Minimum</b>	\$500,000*	N/A
<b>Maximum</b>	\$5,000,000**	\$20,000,000***
Additional for Eligible Capital Improvements (to Reduce Life Cycle Costs)		
<b>Minimum</b>	N/A	N/A
<b>Maximum</b>	\$2,000,000	\$5,000,000
<p>* The Deputy Director of the DFA on a case-by-case basis may approve funding of projects below the minimum amount for good cause.</p> <p>** The Deputy Director of the DFA may increase awards for projects that benefit a SDAC above the maximum grant amounts.</p> <p>***When funding a groundwater cleanup program, with multiple projects funded under a single agreement, the maximum grant limit will be applied on a per-project basis up to the maximum set per applicant.</p>		

# Match Requirements

Minimum local cost funding match of at least 50% - unless waived or reduced for projects benefiting a DAC or EDA.

Local cost share - eligible reimbursable expenses that were incurred on or after approval of Prop 68 by the voters (June 5, 2018).

May include federal grants or loans, local and private funding, donated and volunteer services; or “in-kind” services provided by the applicant.

May include costs recovered by the applicant from responsible parties.

# Reduced Funding Match for DACs/EDAs

## Match Requirement \*

**Group A\*\*:** 100% of the Project Benefits a DAC or EDA 0% match if the community meets the definitions.

**Group B\*\*:** Applicant with a Jurisdictional Area that is not a DAC or EDA, but with Project Components that Benefit a DAC or EDA 20% match for the component(s) of the project that benefit a DAC or EDA.

\* Minimum match amount is calculated based on the total project cost. For the purposes of this program, the total project cost is the match amount plus grant amount.

\*\* When funding a groundwater cleanup program, with multiple projects funded under a single agreement, the reduced match may be calculated on a per-project basis.

# Questions?



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# Project Selection Process



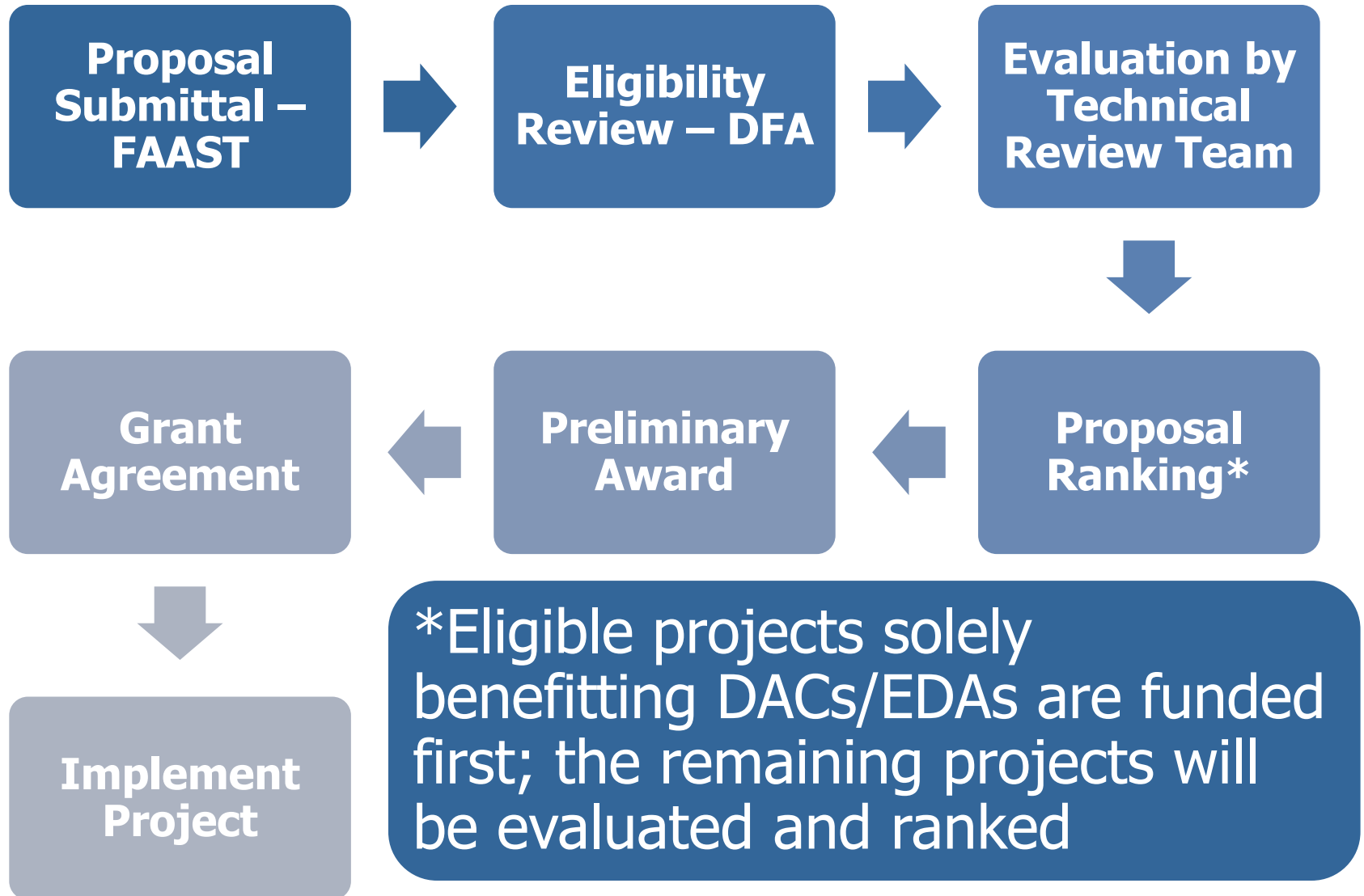
DFA plans to award all funding available in a single solicitation.

Except applications for funding from the \$16 million SDAC set-aside, which will be accepted continuously until the funds are awarded to projects.

A funding solicitation notice will be posted that includes the proposal deadline, anticipated award date and other funding deadlines.



# Project Selection Process



# Proposal Evaluation Criteria

Criteria	Weight
Project/Applicant Background	50 Points
Project Priorities, Requirements, and Preferences	25 Points
Scope of Work	35 Points
Schedule	20 Points
Budget	20 Points
Performance Evaluation and Monitoring	15 Points

# Metrics of Success

- Volume of clean drinking water provided or volume (acre-feet) of water that is prevented from becoming contaminated.
- Number of people or residential connections directly benefiting from the project.
- Population and percentage of DAC or EDA directly benefiting from the project.
- Average mass of contaminant and total mass of contaminant removed (or prevented from contaminating the drinking water source).
- Percent reduction in concentration of the contaminant (or percent increase in concentration prevented).

# Responsible Party Requirements



Processes established by the regulatory agencies outline the primary venue for identifying RPs and recovering costs for cleanup.

Applicants must make reasonable efforts to identify any potential RPs.

If responsible parties are willing and able to pay for the total cost of cleanup associated with the proposed project, the project will be considered ineligible for funding.

Applicants should contact regulatory agencies regarding RPs/PRPs. Proposals should provide documentation summarizing the status of potentially responsible parties.

# General Program Requirements



- 💧 Conflict of Interest, Confidentiality
- 💧 Labor Code
- 💧 California Environmental Quality Act (CEQA) Compliance
- 💧 No Funding for Related Litigation
- 💧 Project Assessment and Evaluation Plan (PAEP)
- 💧 Monitoring Requirements, Data Management, and Reporting
- 💧 Operations and Maintenance – Useful Life
- 💧 Compliance with water planning and reporting

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# Next Steps



Guideline and Funding Milestones	Estimated Date
Public release of Draft Guidelines	May 2019
Public Workshops <b>Comment Period Ends <u>July 3, 2019 at 12:00PM</u></b>	June 2019
Board Consideration of Final Draft Guidelines	August 2019
Funding Solicitation	Fall 2019
Grant Agreements	Spring 2020

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**Q&A**  
**Thank you for attending**



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